

Message Text

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ACTION IO-10

INFO OCT-01 AGR-05 AID-05 EB-07 AF-06 ARA-06 EA-07 EUR-12

NEA-10 COME-00 ISO-00 TRSE-00 ABF-01 OMB-01 SS-15

SP-02 L-03 NSC-05 CIAE-00 INR-07 NSAE-00 PA-01 PRS-01

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FODAG

E.O. 11652: N/A

TAGS: FAO, UNDP

SUBJECT: FAO CONFERENCE: UNDP INABILITY TO MEET FAO EXPENDITURES
ON ITS BEHALF

SUMMARY

1. FAO DIRECTOR GENERAL BOERMA CONVENED MEETING FRIDAY AFTERNOON NOVEMBER 21, TO INFORM AND ASK ADVICE OF SELECTED COUNTRIES ABOUT INABILITY OF UNDP TO PAY FAO FOR EXPENDITURES MADE ON BEHALF OF UNDP PROGRAM. FOR NOVEMBER EXPENDITURES OF \$8.2 MILLION UNDP CAN PAY ONLY ABOUT \$6. MILLION. PROSPECTS FOR DECEMBER ARE DIM. TOTAL SHORTAGE TO END OF YEAR AMOUNT TO ROUGHT \$7.5 MILLION AT LEAST, WHICH FAO MUST SOMEHOW FIND MEANS TO PAY, TO FIELD STAFF, FOR EQUIPMENT CONTRACTED FOR, AND HEADQUARTERS OVERHEAD. APART FROM THIS IMMEDIATE CRISIS, SITUATION IS SERIOUS FOR FIRST MONTHS OF 1976 AND MAJOR CUT-BACKS IN FIELD PROGRAMS FOR LONGER RANGE MAY BE NECESSARY. FAO SECRETARIAT RAISED POSSIBILITY OF USING \$4.2 MILLION IN WORKING CAPITAL FUND OR TEMPORARILY BORROWING FROM TRUST FUND,
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INCLUDING WORLD FOOD PROGRAM. BOERMA QUESTIONED SOUNDNESS OF

USING REGULAR FAO PROGRAM FUNDS. HE ALSO FEARS REPERCUSSIONS OF RAISING MATTER IN FAO CONFERENCE. HE PLANS TO TELEPHONE PETERSON OF UNDP TO PRESS HIM TO FIND SOLUTION. COUNTRY REPRESENTATIVES SAW NO ALTERNATIVE TO INFORMING FAO CONFERENCE. MOST EXPRESSED VIEW THAT PROBLEM SHOULD BE RESOLVED BY UNDP, BUT RECOGNIZED THAT IT MAY BE NECESSARY FOR FAO ITSELF TO FIND MEANS TO MEET PAYROLLS, THEY ALSO URGED DIRECTOR GENERAL TO COORDINATE THOROUGHLY WITH UNDP BEFORE RAISING ISSUE IN FAO CONFERENCE.

2. COUNTRY REPRESENTATIVES ATTENDING MEETING WERE DENMARK, EGYPT, GERMANY, SWEDEN, GUINEA, UNITED KINGDOM, AND UNITED STATES. INDIA AND BRAZIL HAD ALSO BEEN INVITED BUT DID NOT ATTEND.

3. ASSISTANT DIRECTOR GENERAL (DEVELOPMENT) YRIART AND FINANCIAL DIRECTOR BRONSEMA MADE PRESENTATION, WITH DIRECTOR GENERAL, DEPUTY DIRECTOR GENERAL AND ASSISTANT DIRECTOR FOR ADMINISTRATION AND FINANCE PARTICIPATING. THERE HAD BEEN INTIMATIONS OF UNDP DIFFICULTIES, BUT OCTOBER PAYMENT HAD BEEN RECEIVED AND PRESENT SITUATION WAS LEARNED ONLY BY FAO THURSDAY NOVEMBER 20 BY TELEPHONE CALL TO UNDP FINANCIAL DIRECTOR. CAUSES ARE REPORTED TO BE INCREASED RATE OF DELIVERIES AND REDUCED RECEIPTS. DESPITE ECONOMY EFFORTS, FAO'S OUTLAY OF FUNDS IN DECEMBER WILL BE \$5.5, BRINGING NOVEMBER-DECEMBER TOTAL TO ABOUT \$7.5 MILLION. UNDP REPORTEDLY HAD SOUGHT TO BORROW, AND ONE BANK WAS WILLING, BUT UN LEGAL OFFICE ADVISES UNDP HAS NO AUTHORITY TO BORROW. FAO MEASURES CONSIDERED HAVE BEEN REQUESTING AUTHORITY FOR USE OF WORKING CAPITAL FUND DESIGNED FOR REGULAR FAO PROGRAM, OR BORROWING FROM TRUST FUNDS, INCLUDING WORLD FOOD PROGRAM. BOERMA COMMENTED THAT HE WOULD NOT BORROW WITHOUT SPECIFIC APPROVAL OF CONFERENCE. DEPUTY DIRECTOR GENERAL JACKSON EXPRESSED CONCERN ABOUT ENTIRE DEVELOPMENT PROGRAM CYCLE, WHICH MIGHT HAVE TO BE CUT BACK AS MUCH AS FIFTY PERCENT IF UNDP CONTINUES TO SUFFER REDUCED RECEIPTS. BOERMA SAID HE INTENDED TO CALL PETERSON OF UNDP TODAY, FRIDAY.

4. COUNTRY REPRESENTATIVES ALL EXPRESSED VIEW THAT SITUATION COULD NOT BE WITHHELD FROM FAO CONFERENCE. BOERMA EXPRESSED LIMITED OFFICIAL USE

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CONCERN ABOUT PUBLICITY. HE RAISED IDEA OF CONSULTING WITH GROUPS, BUT GUINEA REPRESENTATIVE SAID INFORMAL GROUPS WERE NO SUBSTITUTE FOR CONFERENCE AND OTHERS AGREED.

5. DANISH REPRESENTATIVE NOTED THAT UNDP DIFFICULTIES HAD BEEN KNOWN, AND THAT UNDP HAD CALLED PLEDGING CONFERENCE. UK REPRESENTATIVE (MARTIN) COMMENTED THAT PLEDGING CONFERENCE WAS NO MEANS OF DEALING WITH IMMEDIATE CASH FLOW PROBLEM.

HE AND OTHERS CONTENDED PROBLEM WAS BASICALLY FOR UNDP TO WORK OUT. COUNTRY REPRESENTATIVES SUGGESTED BOERMA TRY TO COORDINATE STATEMENT TO FAO CONFERENCE WITH UNDP, OR EVEN HAVE REPRESENTATIVE STATE SITUATION. BOERMA SAID HE WOULD PRESS PETERSON FOR COORDINATED STATEMENT.

6. COMMENT. THERE WAS SOME GROUPISM IN COUNTRY REPRESENTATIVES' COMMENTS. GUINEA SAID PRESENTATION TO FAO CONFERENCE WOULD PRESS DEVELOPED COUNTRIES TO STRENGTHEN UNDP. GERMAN REPRESENTATIVE SAID SITUATION WOULD DAMPEN EFFORTS OF SOME TO EXPAND FIELD PROGRAMS, ALL COUNTRY REPRESENTATIVES AND SECRETARIAT, HOWEVER, WANT TO AVOID GENERAL DEBATE IN FAO CONFERENCE.

7. BOERMA WILL CALL ANOTHER MEETING OF SAME GROUP MONDAY, NOVEMBER 24 WOULD APPRECIATE ANY GUIDANCE FOR THIS MEETING OR POSSIBLE CONFERENCE DEBATE AND FULLEST INFORMATION ON US PLEDGE AND CONTRIBUTION UNDP. BEAUDRY

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